

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 ABF-01 AGR-01 /093 W
-----022007 310941Z /13
R 310814Z JUL 78
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 8351

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E.O. 11652: N/A
TAGS: EFIN, TW
SUBJECT: U.S. DOLLAR FORWARD MARKET MAY OPEN IN AUGUST

REF: TAIPEI 4490

1. OFFICIALS IN THE CENTRAL BANK OF CHINA HAVE TOLD EMBASSY THAT THE U.S. DOLLAR FORWARD MARKET WILL "PROBABLY" BE ESTABLISHED IN THE MIDDLE OF AUGUST.
2. ACCORDING TO THESE OFFICIALS, U.S. DOLLAR FORWARD TRANSACTIONS FOR THE GERMAN, ENGLISH, AND SWISS CURRENCIES ARE NOW HANDLED. TRANSACTIONS MUST BE RELATED TO IMPORTS OR EXPORTS; FORWARD EXCHANGE TRANSACTIONS FOR OTHER PURPOSES (E.G., LOANS, INSURANCE, SHIPPING) WILL NOT BE PERMITTED. AS INDICATED IN REFTEL, THE U.S. DOLLAR FORWARD PERIODS WILL BE 30, 60, 90, AND 120 DAYS. EXCHANGE RATES FOR THESE FOUR PERIODS WILL BE QUOTED DAILY BY THE CBC.
3. IMPORTERS SHOULD PRESENT AN IMPORT PERMIT IN ORDER TO BUY FORWARD U.S. DOLLARS, WHILE EXPORTERS SHOULD PRESENT AN L/C, D/A, OR D/P, ALONG WITH AN EXPORT PERMIT. IF THESE

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DOCUMENTS ARE NOT AVAILABLE, TRADERS MAY PRESENT A SALES CONTRACT OR OTHER DOCUMENTS SUFFICIENT TO PROVE INVOLVEMENT WITH FOREIGN TRADE. APPROPRIATE DOCUMENTS, ALONG WITH A DEPOSIT EQUAL TO 5 PERCENT OF THE FORWARD TRANSACTION, SHOULD BE PRESENTED TO AUTHORIZED FOREIGN EXCHANGE BANKS. THESE BANKS REPORT ALL TRANSACTIONS TO THE CBC DAILY, AND ARE NOT RESPONSIBLE FOR ANY LOSSES RESULTING FROM THE

OPERATIONS OF THE FORWARD MARKET; I.E., THE CBC WILL TAKE RESPONSIBILITY.

4. CBC OFFICIALS SAID THAT AFTER LOCAL BANKS HAVE SUFFICIENT EXPERIENCE IN THE OPERATION OF FORWARD MARKETS, THEY WILL BE ALLOWED TO MAKE THEIR OWN QUOTATIONS FOR FORWARD RATES FOR U.S. DOLLAR AND OTHER FOREIGN CURRENCIES.

COMMENT: EARLY ESTABLISHMENT OF THE U.S. DOLLAR FORWARD MARKET WOULD CLEAR THE WAY FOR ANOTHER NT REVALUATION SHOULD THE DOLLAR CONTINUE ITS FALL AGAINST YEN. UNGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, MARKETS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TAIPEI04970
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780312-1111
Format: TEL
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978072/aaaaabgs.tel
Line Count: 72
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a0efe66c-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 TAIPEI 4490
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1883391
Secure: OPEN
Status: NATIVE
Subject: U.S. DOLLAR FORWARD MARKET MAY OPEN IN AUGUST
TAGS: EFIN, TW
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a0efe66c-c288-dd11-92da-001cc4696bcc
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